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**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 26 1999

**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 1998**

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS--AS OF DECEMBER 31, 1998 .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND-FOR THE YEAR ENDED DECEMBER 31, 1998 .....	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND--FOR THE YEAR ENDED DECEMBER 31, 1998 .....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	19
SCHEDULE OF PRIOR YEAR FINDINGS .....	21

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
**New Orleans Tourism Marketing Corporation**  
(A Component Unit of the City of New Orleans)  
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)** as of December 31, 1998 and for the year then ended as listed in the Table of Contents. These general purpose financial statements are the responsibility of NOTMC's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures About Year 2000 Issues, requires disclosures of certain matters regarding the year 2000 issue. The NOTMC has included such disclosures in NOTE 12. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the NOTMC's disclosures with respect to the year 2000 issue made in NOTE 12. Further, we do not provide assurance that the NOTMC is or will be year 2000 ready, that the NOTMC's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the NOTMC does business will be year 2000 ready.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
**New Orleans Tourism Marketing Corporation**  
(A Component Unit of the City of New Orleans)  
New Orleans, Louisiana  
Page 2

As discussed in NOTE 1, the general purpose financial statements present only the activities of the **New Orleans Tourism Marketing Corporation** and are not intended to present fairly the financial position, and the results of operations of the City of New Orleans in conformity with generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the year 2000 disclosures, the accompanying general purpose financial statements referred to previously present fairly, in all material respects, the financial position of the **New Orleans Tourism Marketing Corporation (A Component Unit of the City of New Orleans)** as of December 31, 1998, and the results of operations, arising from the City's appropriations, for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 12, 1999 on our consideration of **NOTMC's** internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 12, 1999

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1998**

<u>ASSETS</u>	<u>GOVERNMENTAL</u> <u>FUND TYPE</u>	<u>ACCOUNT GROUPS</u>		Total (Memorandum Only)
	<u>General</u> <u>Fund</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-term</u> <u>Debt</u>	
Cash (NOTE 2)	\$377,665	\$ -0-	\$ -0-	\$ 377,665
Hotel/Motel taxes receivable (NOTE 4)	412,551	-0-	-0-	412,551
Accounts receivable	16,000	-0-	-0-	16,000
Other assets	103,541	-0-	-0-	103,541
Furniture, fixtures and equipment (NOTE 7)	-0-	87,222	-0-	87,222
Amounts to be provided from general government revenues	<u>-0-</u>	<u>-0-</u>	<u>31,802</u>	<u>31,802</u>
Total assets	<u>\$909,757</u>	<u>\$87,222</u>	<u>\$31,802</u>	<u>\$1,028,781</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Accounts payable and accrued expenses	\$ 79,312	\$ -0-	\$ -0-	\$ 79,312
Compensated absences (NOTES 1 and 8)	<u>-0-</u>	<u>-0-</u>	<u>31,802</u>	<u>31,802</u>
Total liabilities	<u>79,312</u>	<u>-0-</u>	<u>31,802</u>	<u>111,114</u>
<u>Fund Equity:</u>				
Contributed assets (NOTE 5)	-0-	7,008	-0-	7,008
Investment in general fixed assets	-0-	80,214	-0-	80,214
<u>Fund balances-unreserved:</u>				
Designated for payment of current obligations	68,660	-0-	-0-	68,660
Undesignated	<u>761,785</u>	<u>-0-</u>	<u>-0-</u>	<u>761,785</u>
Total fund equity	<u>830,445</u>	<u>87,222</u>	<u>-0-</u>	<u>917,667</u>
Total liabilities and fund equity	<u>\$909,757</u>	<u>\$87,222</u>	<u>\$31,802</u>	<u>\$1,028,781</u>

The accompanying notes are an integral part of this statement.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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REVENUES

Base funding - City of New Orleans (NOTE 3)	\$1,000,000
Hotel/Motel taxes (net of collection fees) (NOTE 3)	3,911,737
Interest income	18,938
Other revenue	<u>137,904</u>
 Total revenues	 <u>5,068,579</u>

EXPENDITURES

Provision of funding to outside agencies (NOTE 6)	1,425,000
Special events	231,113
Christmas media and promotion	377,206
National media	250,869
Summer media	489,457
Production	359,801
Public relations	159,235
Research	138,513
Fulfillment	6,058
Telemarketing	154,458
Marketing agency fees	538,945
Interactive marketing	182,633
Special summer convention	150,000
General and administrative	237,569
Good Times Guide	185,256
Other marketing expenses	<u>81,331</u>
 Total expenditures	 <u>4,967,444</u>
 Excess of revenues over expenditures	 101,135
Fund balance, beginning of year	<u>729,310</u>
 Fund balance, end of year	 <u>\$ 830,445</u>

The accompanying notes are an integral part of this statement.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-BUDGET**  
**(GAAP BASIS) AND ACTUAL--GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>			
Base funding - City of New Orleans	\$1,000,000	\$1,000,000	\$ -0-
Hotel/Motel taxes (net of collection fees)	3,675,000	3,911,737	236,737
Interest income	-0-	18,938	18,938
Other revenue	<u>-0-</u>	<u>137,904</u>	<u>137,904</u>
<b>Total revenues</b>	<b><u>4,675,000</u></b>	<b><u>5,068,579</u></b>	<b><u>393,579</u></b>
<b><u>EXPENDITURES</u></b>			
Provision of funding to outside agencies	1,425,000	1,425,000	-0-
Special events	237,500	231,113	6,387
Christmas media and promotion	200,000	377,206	(177,206)
National media	225,000	250,869	(25,869)
Summer media	475,000	489,457	(14,457)
Production	125,000	359,801	(234,801)
Public relations	167,016	159,235	7,781
Research	175,000	138,513	36,487
Fulfillment	-0-	6,058	(6,058)
Telemarketing	275,000	154,458	120,542
Marketing agency fees	570,000	538,945	31,055
Interactive marketing	225,000	182,633	42,367
Special summer convention	150,000	150,000	-0-
General and administrative	273,728	237,569	36,159
Good Times Guide	225,000	185,256	39,744
Other marketing expenses	<u>80,000</u>	<u>81,331</u>	<u>(1,331)</u>
<b>Total expenditures</b>	<b><u>4,828,244</u></b>	<b><u>4,967,444</u></b>	<b><u>(139,200)</u></b>
Excess (deficiency) of revenues over expenditures	(153,244)	101,135	254,379
Fund balance, beginning of year	<u>729,310</u>	<u>729,310</u>	<u>-0-</u>
Fund balance, end of year	<b><u>\$ 576,066</u></b>	<b><u>\$ 830,445</u></b>	<b><u>\$ 254,379</u></b>

The accompanying notes are an integral part of this statement.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - Summary of Significant Accounting Policies:

Organization and Operations

**The New Orleans Tourism Marketing Corporation (NOTMC)** was organized January 1, 1990. The objectives and purposes of **NOTMC** are as follows:

- o To continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination;
- o To stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the United States and the World; and
- o To advance, promote and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means.

**NOTMC** is a component unit of the City of New Orleans. The general purpose financial statements of **NOTMC** are not intended to and do not present either the financial position, or results of operations of the City of New Orleans.

**NOTMC** is administered by a Board of Directors consisting of fifteen (15) members appointed as follows:

- o One (1) member appointed by the Mayor of the City of New Orleans;
- o Three (3) members appointed by the City Council from its members;

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

- o Three (3) members appointed from a list of six (6) nominees submitted by the New Orleans Metropolitan Convention and Visitors Bureau;
- o Four (4) members appointed from a list of eight (8) nominees submitted by the Greater New Orleans Hotel/Motel Association;
- o One (1) member appointed from a list of two (2) nominees submitted by the Greater New Orleans Black Tourism Network, Inc.;
- o One (1) member appointed from a list of two (2) nominees submitted by the Preservation Resource Center;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans East Economic Development Foundation; and
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Chapter of the Louisiana Restaurant Association.

**NOTMC** commenced operation on May 1, 1991.

The accounting and reporting policies of the **NOTMC** conform to generally accepted accounting principles as applicable to governmental bodies. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidance set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

The following is a summary of the significant accounting policies used by **NOTMC**:

A) Financial Reporting Entity

This report includes the general fund and account groups that are controlled by **NOTMC**. Control by the **NOTMC** is determined on the basis of *budget adoption and general oversight responsibility*.

B) Fund Accounting

The accounts of **NOTMC** are organized on the basis of the general fund and account groups, each of which is considered a separate accounting entity. The operation of the general fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped, in the financial statements in this report, as follows:

Governmental Fund Type - General Fund

This is the fund through which most governmental functions typically are financed. The general fund is the general operating fund of **NOTMC**. It is used to account for all financial resources except those required to be accounted for in another fund.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

General Long-term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding balances of compensated absences and other long-term liabilities.

C) Basis of Accounting

All governmental fund type activity is accounted for using the modified accrual basis of accounting.

Under this method, revenues are recognized when they become measurable and available. Hotel tax collections are considered "measurable" when in the hands of the collecting agency and are recognized as revenue at that time. Anticipated collection fees related to such tax collections are recorded as reductions of revenue when they are measurable.

Expenditures are recognized and accounted for in the accounting period in which the liability is incurred, if measurable, except expenditures for other long-term obligations which are recognized when paid.

D) Budgetary Data

**NOTMC** follows these procedures in establishing the budgetary data reflected in these financial statements.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

1. **NOTMC** is required to prepare an annual budget and submit it to the Board of Directors.
2. Upon review and completion of all action necessary to finalize the budget, it is then adopted by the Board of Directors prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds from one program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Directors.
4. All budgetary appropriations lapse at the end of the fiscal year.
5. The budget for the general fund expenditures is prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Directors.

E) Cash

Cash includes amounts in demand deposits and interest-bearing time deposits. Under state law, **NOTMC** may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

F) Compensated Absences

NOTMC's liability for accumulated unpaid vacation of \$31,802 has been recorded in the general long-term debt account group.

G) Total Column on the Combined Balance Sheet

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. The data in this column does not present the financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H) Income Taxes

NOTMC is exempt from taxation under Section 527 of the Internal Revenue Code.

NOTE 2 - Cash:

NOTMC had cash totaling \$377,665 (book balances) at December 31, 1998, as follows:

Demand deposits	\$ 51,000
Time deposits	<u>326,665</u>
Total	<u>\$377,665</u>

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Cash, Continued:

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, **NOTMC** has \$512,813 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$1,232,553 of pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by **NOTMC** that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - Funding of the New Orleans Tourism Marketing Corporation:

The funding of the **NOTMC** consists of the following:

- A) Base Funding - Pursuant to New Orleans City Council Ordinance No. 18358, Base Funding for the **NOTMC** shall be the amount of funds to be received from the City of New Orleans and/or other public or nonprofit entities, and/or private contributions.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Funding of the New Orleans Tourism Marketing Corporation, Continued:

For the year ended December 31, 1998, the **NOTMC** received \$1,000,000 in Base Funding.

- B) Hotel Occupancy Privilege Tax - The Hotel Occupancy Privilege Tax (effective November 1, 1990) is levied upon persons for the privilege of occupying hotel rooms within Orleans Parish in the amount of fifty cents (\$0.50) per occupied hotel room per night for hotels containing from three (3) to two hundred ninety-nine (299) rooms and one dollar (\$1.00) per occupied hotel room per night for hotels containing three hundred (300) or more rooms.

Every hotel operator subject to this tax shall make reports on the previous month's business on or before the twentieth day of the following month to the City of New Orleans.

The imposition and collection of the Hotel Occupancy Privilege Tax shall be repealed and discontinued upon the occurrence of any of the following:

- o The disposition or liquidation of the **NOTMC**; or
- o The specific decertification of the **NOTMC** as a nonprofit economic development corporation by the New Orleans City Council.

For the year ended December 31, 1998, the **NOTMC** received \$3,911,737 (net of collection fees of \$79,831) from the Hotel Occupancy Privilege Tax.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Accounts Receivable:

Hotel Occupancy Privilege Taxes Receivable

Hotel Occupancy Taxes Receivable represent the amount of taxes collected by Hotel Operators during the month November 1998 and paid to the City of New Orleans in December 1998 of \$412,551. This amount was subsequently paid to the NOTMC during 1999.

NOTE 5 - Contributed Assets:

During the year ended December 31, 1991, NOTMC received donated assets with a fair market value of \$7,008. These items have been recorded in the General Fixed Asset Account Group.

NOTE 6 - Transactions with Outside Organizations:

Provision of Funding

The NOTMC, under the provisions of its Tourism Promotion Program for 1998, provided funding to the following organizations:

o New Orleans Metropolitan Convention and Visitors Bureau	\$1,068,750
o The Greater New Orleans Black Tourism Network	<u>356,250</u>
	<u>\$1,425,000</u>

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 7 - Changes in General Fixed Assets:

A summary of the changes in fixed assets is as follows:

<u>Description</u>	<u>January 1, 1998</u>	<u>Additions</u>	<u>December 31, 1998</u>
Furniture and equipment	<u>\$68,691</u>	<u>\$18,531</u>	<u>\$87,222</u>

NOTE 8 - Changes in General Long-Term Debt:

A summary of the changes in long-term debt is as follows:

<u>Description</u>	<u>January 1, 1998</u>	<u>Additions</u>	<u>December 31, 1998</u>
Compensated absences	<u>\$24,774</u>	<u>\$7,028</u>	<u>\$31,802</u>

NOTE 9 - Operating Lease:

**NOTMC** has an operating lease for office space. For this lease, **NOTMC** has, as of December 31, 1998, a contractual agreement requiring the following rental payments:

<u>Fiscal Year Ending December 31,</u>	<u>Facility</u>
1999	\$19,308
2000	19,308
2001	19,308
2002	19,308
2003	9,654

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 9 - Operating Lease, Continued:

Lease expense for the current year amounted to \$18,562.

NOTE 10 - Risk Management:

**NOTMC** is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **NOTMC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 11 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. **NOTMC** considers the carrying amounts of cash and accounts receivable to be fair value.

NOTE 12 - Year 2000 (Y2K Issue):

**NOTMC** recognizes the potential implications of the Y2K issues on systems that may contain date-related transactions, data, embedded chips, etc. **NOTMC** has assessed the impact of the Y2K issue on its operations and is now in the process of renovating or replacing, as necessary, the computer applications and business processes to provide for continued services in the new millennium. An assessment of the preparedness of external entities that interface with **NOTMC** is also ongoing.

The costs of **NOTMC**'s Y2K compliance efforts are expensed as incurred and are being funded with cash flows from operations. At this time, the costs of these efforts are not expected to be material to **NOTMC**'s financial position or the results of its operations in any given period.

Time and cost estimates are based on currently available information. Actual results could differ from those estimated.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the  
**New Orleans Tourism Marketing Corporation**  
New Orleans, Louisiana

We have audited the general purpose financial statements of **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)** as of and for the year ended December 31, 1998, and have issued our report thereon dated March 12, 1999. In our report, our opinion was qualified because insufficient audit evidence exist to support NOTMC's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether NOTMC's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered NOTMC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the use of management, the City of New Orleans and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 12, 1999

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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We have audited the general purpose financial statements of **New Orleans Tourism Marketing Corporation** as of and for the year ended December 31, 1998, and have issued our report thereon dated March 12, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the general purpose financial statements as of December 31, 1998 resulted in a qualified opinion.

1. **Summary of Auditors' Results**

- A. Reportable conditions in internal control were disclosed by the audit of the financial statements: No Material weaknesses: No.
- B. Noncompliance which is material to the general purpose financial statements: No.
- C. Reportable conditions in internal control over major programs: N/A Material weaknesses: N/A.
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 501(a) of OMB Circular a-133: N/A.
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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1. **Summary of Auditors' Results, CONTINUED**

I. A management letter was issued: No.

2. **Financial Statement Findings**

No matters were reported.

3. **Federal Award Findings and Questioned Costs**

Not applicable.

**NEW ORLEANS TOURISM MARKETING CORPORATION**  
**(A Component Unit of the City of New Orleans)**  
**SCHEDULE OF PRIOR YEAR FINDINGS**

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**Section I - Internal Control and Compliance Material to the Financial Statements**

No findings were reported.

**Section II - Internal Control and Compliance Material to Federal Awards**

Not applicable.

**Section III - Management Letter**

No findings were reported.